

FISCAL NOTE

SB 1093 - HB 2116

February 25, 2005

SUMMARY OF BILL: Creates the "Tennessee Agricultural Ethanol Production Act of 2005". Authorizes a monthly incentive payment of \$0.30 per gallon, to be paid from an appropriation of \$6.0 million made to the Department of Revenue, to any applicant that has been approved by the Department of Revenue to receive production incentives as an ethanol production participant, for each gallon of ethanol produced and sold for use in the production of gasohol.

ESTIMATED FISCAL IMPACT:

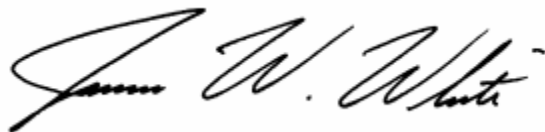
Increase State Expenditures – \$6,060,000 FY06
\$51,000 One-Time

Assumptions:

- This bill appropriates \$6.0 million to the Department of Revenue for FY06.
- All incentive payments are made from this appropriation.
- Currently, there is one producer of ethanol in Tennessee that produces approximately 60 million gallons of ethanol per year. At \$0.30 per gallon, the incentive payment to this producer would be approximately \$18.0 million. As a result, it is expected that the \$6.0 appropriation will be paid, resulting in increased state expenditures of \$6.0 million.
- Administrative costs are estimated at \$60,000 per year (or 1% of the appropriation).
- One-time state expenditures for software upgrades and computer programming modifications are estimated at \$51,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director